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**Written Testimony of Noble Environmental Power  
Before the State of Michigan  
House Energy Committee  
June 27, 2007**

**Testimony in Support of a Renewable Portfolio Standard**

**Presented by  
Anna Giovinetto  
Vice President, Public Affairs**

Noble is a leading wind energy developer, with over 4,000 megawatts of clean, renewable wind energy projects under development in several states, including Michigan. Noble is headquartered in Essex, CT, but we have several regional offices, including one in Udly, in the Thumb. We are majority-owned by JP Morgan Partners, which means we have the financial resources to do things right.

Noble is living proof that state Renewable Portfolio Standards (RPS) result in significant investment and the construction of new windparks. Our business model is to focus on states and regions with a need for new generation resources, and also have robust renewable energy policies.

Noble is thus extremely encouraged by the strong support shown for renewable energy in the state of Michigan. Noble has identified several sites of interest in Michigan, and if fully developed, we estimate that our potential investment in the State's renewable energy infrastructure could be \$1.5 to \$2 billion. The construction of these new windparks would also bring hundreds of millions of dollars in new revenues each year to the communities in which they are located.

Noble therefore urges the Legislature to pass an RPS because it will be good for the environment, good for the economy, and good for our energy security. Michigan needs to build new generation resources, and while wind energy isn't going to be 100% of the solution, it has the ability to make a meaningful contribution to Michigan's energy mix.

At the same time, developing Michigan's wind energy resources will directly stimulate Michigan's economy by creating jobs, making annual easement payments to landowners, and paying taxes to the local towns, schools, and counties.

Perhaps more significantly, Michigan's manufacturing base has the potential to be dramatically revitalized by the production of turbine components, including large structural components such as turbine blades and tower sections. In order for this development to achieve its maximum potential, manufacturing facilities should be located in Michigan. The likelihood of this occurring is much higher if Michigan's policies explicitly support the wind industry.

*Wind Power, the natural choice.*



In terms of specific comments regarding the proposed RPS bills, Noble would like to raise the following points:

- New renewables, different resource classes: Many states include “existing” resources in their definition of eligible resources, but many also create two classes (literally “Class I” and “Class II” resources, “Tier I” and “Tier II” resources, or “New Renewables” and “Maintenance Renewables”). This recognizes the value of keeping existing resources, without providing a “windfall profit” to units that are already running.
- Inclusion of “municipal wastes” as eligible resources: This is a very broad category that can include things such as landfill gas, but which could also theoretically include the combustion of municipal solid waste (aka household trash, which can be combusted). Some RPS programs do include MSW, but usually not in the same class as renewables such as wind and solar.
- Wood waste: HB 4539 explicitly states that “construction and demolition” (“C&D”) wood, or other chemically treated wood, shall not be considered a renewable fuel. This is consistent with RPS program rules in several states in the northeast, and is generally viewed as a best practice by environmental groups.
- Geographic location: the RPS should be designed in such a way that it creates maximum incentive for the development of Michigan-based resources. This can be achieved through a variety of mechanisms including evaluating the economic development benefits of various REC offers, preferential tax treatment for in-state resources, and so on.
- Alternative compliance payments: These should be a fixed rate –ACPs can be indexed to inflation, but should not be based on formulas. Building new renewable projects requires financing; financing requires the ability to predict revenues. Predicting future supply and demand is challenging enough. When the penalty payment is also unpredictable, it injects too much uncertainty into the equation. HB 4562 has the best language in this regard.
- Treatment of collected alternative compliance payments: HB 4539 explicitly directs that ACPs would go into a public benefits fund – at the end of the year, the money stays in the fund, and doesn’t lapse to the general fund. This is consistent with policy that has been successful in other states (e.g., Massachusetts, New York).

Thank you for the opportunity to present these comments. I would be happy to answer any questions you may have.

*Wendy Palmer, Director, Michigan Center for Energy Policy*